

003711

CSI



FAST TRAC®



CSI Financial, Inc.

Pete Parsons
Health Care Services

100 N Park • Suite 200 • P.O. Box 182 • Helena, MT 59624
(406) 442-4475 • Fax (406) 442-2524 • 1-800-775-1474

003712

General overview of the CSI Financial Fast Trac Program

Why Your Facility Chose CSI Financial

The CSI Fast Trac program is a complete system to finance receivables for your medical facility. Hospital billing departments have suffered staff reductions the same as every other department. These staff reductions have magnified an already existing problem in medical facilities; your hospital is not equipped to loan and collect money. Add to this the fact that a large majority of hospitals do not charge interest on outstanding debt, and you have a debt surplus problem. These current policies and staff shortages create a very large surplus of debt owed to your hospital by patients. In order to collect this debt, your facility must either use its own billing department (taking staff away from tracking larger, and more collectable, insurance payments), or out source the billing. The most common solution is to use a collection agency to assist in the patient billing.

This "early-out collection" outsourcing still leaves a problem; your hospital could use this money now. If your facility chooses the above "early out" solution, they must wait until the money is collected from the patient to receive payment (usually the payment to you is deeply discounted by the collection agency). This process could take many months. CSI offers a solution to two major problems. First, CSI will handle all subsequent billing of accounts placed on our system (this will allow you to compensate for staff shortages). Second, CSI will immediately pay 92% of the value of an account to your facility. No waiting for the patient to pay, CSI will front the money upon account transfer to our system. This gives your hospital immediate cash flow, and eliminates the need for your facility to work these accounts. This cash can be used to pay off bonds, purchase revenue producing equipment, or build cash reserves. 003715

The Fast Trac Program

CSI's Fast Trac program sorts through your medical facilities self-pay receivable file and converts an approved portion of it to cash in your facilities bank. CSI's Data Center is set up take an electronic file transfer of the accounts from your client facility. You dial into our secure system using a medium such as PC Anywhere. The entire self-pay file is downloaded to our system. Since each facility uses a different format, we initially build a front-end program to sort the fields into the desired format. We then put these accounts through our scoring and approval process using a program developed by Equifax, a national credit reporting agency. CSI will accept all accounts that the patient guarantor has a beacon credit score of 600 or above. If your patient has a job, and does not have any current collection items, he or she will qualify for our program.

We score accounts for two reasons, to ensure the best odds we will receive payment from the patient, and to eliminate unnecessary and expensive charge backs. The combination of electronic credit reporting, account scoring, and file transfer is unique to the industry. This program is simple to administer and uses many of the same components your facility is currently using with vendors and collection agencies.

CSI historically accepts 35-55% of the initial accounts on your books. This percentage is affected by many variables. The age of the accounts, the demographics of the area, unemployment, etc. all affect the approval rate. *After visiting your area and discussing some of these variables with your staff, I project the approval percentage for accounts to be right at 50%.* Usually we will progress to a 75% acceptance rate on weekly transfers. So regardless of the initial acceptance rate, that rate will improve (usually progressing to 60%-75%) as the old accounts are "cleaned up".

CSI becomes the customer service department for accounts transferred to our system. We handle all the statements and telephone calls. When an account becomes delinquent, CSI will handle collection calls, late notices, and final notices.

CSI sends out the patient notification letters. When an account is transferred, the patient receives:

- Notification from CSI on your hospital letterhead (*see sample*).
- Notification on CSI letterhead (*see sample*).
- The first statement (*see sample*).

The statement is set up in a familiar, credit card type format, with the balance and minimum payment due listed. Patients have the option to pay the account in full within a 25 day grace period interest free, or extended payments at 15% Annual Percentage Rate. A late fee of \$10.00 is charged to accounts that are past due. The minimum payment is \$20.00 or 4% of the outstanding balance whichever is greater. 003714

There is a recourse provision in our program. That is to say that accounts that CSI cannot collect are guaranteed by the hospital. If CSI cannot collect on an account, your hospital is still responsible for payment. However, the hospital will never owe more for a recourse account than CSI originally paid. CSI pays the bank any additional fees. We share the risk with our clients. When your facility refunds the account to the bank, we also refund our 8% fee on that account. This shared risk is another unique aspect of the program and your guarantee that we will work these accounts to the best of our ability.

CSI pays our client hospitals with electronic funds transfer. Clients can expect to have their funds in the bank within three business days after a file transfer.

Dial up capability is how our customer service department is able to answer your patient's questions. A vast majority of the patient calls are questions in reference to insurance billing and date of service. With the ability to "dial in" to your computer system, we can answer the questions while the patient is on the phone.

Major Components

CLIENT FACILITY

Contract

Equifax reporting agreement

Self-pay accounts file
Client internal protocols
Electronic file transfer to CSI

CSI

Scoring and approval procedure
Client notification of approved accounts
Transfer of approved accounts to our system
Initiate payment procedure
Print and send both notification letters

BANK

Provides funding for the program
Sends funds transfer to client

PATIENT

Receives notification letter from client Facility
Receives notification letter from CSI
Receives first statement From CSI
Option to call toll free customer service center with any questions

003715

Patient Inquires

There will be calls to your facility. A large majority of the patients will simply have questions on your new policy. A large percent of the calls are simply questions about date of service and insurance billing on the account. We will have the capability to dial into your computer system and answer these questions. This should keep the volume of calls at your facility at manageable levels.

Referring calls to CSI

This program is designed to reduce your workload. Should you become overwhelmed with patient calls, advise the patient that CSI is handling the account and give our toll free number. If this is done correctly, the patient will not be upset.

Angry patients

Some patient callers will be upset. The degree of anger will vary from minor irritation to unreasonable. Please instruct these patients that CSI is handling their account and give them our toll free number. Our staff is experienced in "talking patients down". Although it may seem that all your patients are angry, it is actually a very small percent of the whole.

Keeping the Call Volume Manageable

In order to keep patient calls to your facility to a minimum, we will place our toll free customer service number on all correspondence to your patients. However please keep in mind there will be some patient questions we cannot answer. CSI will not discuss confidential medical information with any patient. These calls will be referred to your facility.

Accounts placed on Fast Trac by mistake

Despite the best efforts of everyone involved, some accounts will be placed on our program by mistake. These accounts may have insurance pending, special written arrangements with your facility for extended payments, etc. If you notice an account that should not have been placed on our program, simply call Tamí Lamping at 1-800-775-1474 and let her know. If several accounts are involved, send us a fax at 1-406-442-2524.

If during the course of customer service, we identify an account that may not be strictly patient self-pay, we will research that account in your system or call one of your patient representatives to verify.

Requesting accounts back

Reasons to request an account back include insurance pending, patient deceased, medical assistance account, etc. In other words, the account balance is not actually self-pay.

If the account is a self-pay account that the patient is responsible for, there is no reason to request the account back. Accounts cannot be requested back simply because the patient is upset with your new policy or you received payment (payments are to be offset or forwarded). 00371

To request accounts back, simply call CSI with your account number and the reason for the request. We will cease billing and request the CSI payment back (additional charges may apply, see posting payments). For multiple accounts, fax a list that includes account number, name, and reason for the request.

Accounts returned by CSI

Insurance Pending

Accounts that are determined to have insurance pending will be returned to you if that is your policy. Some client facilities want us to advise the patient to pay the account in full, or make minimum payments, while awaiting an insurance settlement for a refund. You will determine the policy.

Patient Deceased

If the patient is deceased, the account will be returned to you to pursue estate settlements, life insurance settlements, or write off, depending on your policy.

*Procedural
in F.*

Uncorrectable Accounts

Patients that fail to pay CSI will be returned to your facility as recourse accounts. We will make every attempt to have the patient comply with our program including offering reduced payment options to patients in financial distress. If after 90 days and numerous attempts by telephone and mail, we have not received payment on the account, we will recourse (send back) the account. We inform the patient the account will be sent back to the hospital as a collection item. We do not tell the patient we are going to send the account to a collection agency. Once you have the account back, it is your decision what to do with it. Currently our recourse average is 4.8% of accounts placed on our system. This percentage does not include accounts requested back by the client, or accounts returned by CSI that are not true self-pay.

Payments

Payments: OFFSET

CSI payments that patients send to your facility are to be noted on a patient payment log. Post the payment in your system on the patient's account. *Keep in mind you may need to show a credit balance on the account. This does not entitle the patient to a refund.* Your patient will owe CSI 100% of the balance even though your system shows that account paid. That account was already paid for by CSI at a rate of 92% with 8% written off as a collection fee. There should be something in your system to reflect this payment (new financial class).

Fax the patient payment log to CSI prior to the next file transfer. We will deduct, or offset, that amount the patient paid you from your next CSI payment.

003717

Payments: FORWARD

Some CSI clients choose to forward payments made at their facility. If you choose to do this, do not accept payments on CSI accounts at your facility. Inform the patient to mail their payment to CSI using the supplied envelope. Payments that patients mail to your facility must be forwarded to CSI in a timely manner. Otherwise the patient may be charged a late fee and finance charges.

Charges

Returned accounts

There will be accounts that your facility will place on our program by mistake (insurance pending, Medicaid accounts, etc). This is unavoidable. Most of these accounts will be immediately identified through customer contact. If discovered (by either your staff or ours), the account will be returned to the client. If the account is discovered, transferred, and CSI is reimbursed the original 92% within the 25-day grace period, there will be no additional charge. After the grace period however, we will retain our fee and the bank will charge the interest to your facility. This charge will also apply on accounts that are transferred with inaccurate billing information that prevents our locating the patient.

CSI Staff

Controller: Cindy Dorr

Cindy, and her staff, is responsible for posting all payments, account adjustments, Client account adjustments and reporting to our underwriting bank. All correspondence regarding payments should be addressed to her.

Director of Business Services: Rob Logsdon

Rob, and his staff, controls the actual file transfer process. He is responsible for taking your file and scoring/approving the accounts. He will send you notification of the number and amount of the accounts accepted for our program. Rob will also assist you in setting up the "dial-up capability" to allow us to view your patient's account information. Technical questions regarding the account file transfer should be addressed to Rob.

Customer Service Manager: John Cameron

John oversees the personnel in the two divisions of our customer service department. Please address all customer service correspondence to him.

Customer Service Supervisor: Lori Cox

Lori can assist you in all areas of customer service. She manages the customer service staff.

Client Services: Tami Lamping

Tami uses our "dial-up" ability to look in your computer system. This provides CSI with the ability research customer questions and resolve account issues. Occasionally Tami, or someone in her department, will need to contact your staff for assistance.

CSI FINANCIAL

100 North Park
Suite 200
Helena, MT 59601

Or

P.O. Box 182
Helena, MT 59624

1-800-775-1474
(406) 442-2524 Fax

CSIFin@AOL.COM E-mail

003718

05/04/99



Boulder Community Hospital

BOULDER DOE
PO BOX 9130
BOULDER, CO 80301

003719

Balance: \$1234.00 Account #: 123456789

Thank you for choosing Boulder Community Hospital as your health care provider. We are constantly striving to improve and maintain the high quality of service that you have come to expect. In order for us to contain the rising costs involved with servicing and billing our patients, we are pleased to announce that we have recently retained the services of CSI Financial and the First National Bank of Montana.

CSI Financial will handle all of the future billing and customer service questions on the self pay and balance after insurance portion of our qualified accounts. CSI is a receivable management company and should not be confused with a collection agency. The First National Bank will fund the program and handle all payments.

Your account with us will be assigned to CSI and the Bank within the next couple of days. You should shortly receive a letter and a statement from CSI that confirms that the account transfer has taken place. The letter will also explain your payment options and requirements. Future hospital visits can be combined with your CSI account so that you only have to make one monthly payment on your account.

Sincerely,

Business Office

Mapleton Center PO Box 9130 511 Mapleton Avenue Boulder, CO 80301-9130 303-443-0230

VHA - Member of Voluntary Hospitals of America Inc.



CSI Financial, Inc.

003720

This letter is to advise you that your local health care provider has assigned your account with them to us. CSI Financial handles extended monthly billing for various health care providers across the country. You will receive your first statement from us in a separate mailing. When you receive your statement please note several important points:

First, is the fact that all payments should be mailed to the First National Bank of Montana

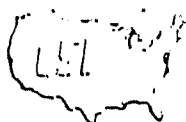
CSI Financial will answer all of your questions concerning your monthly balance. A toll free number has been provided for your convenience. (1-800-775-1474)

CSI requires a minimum monthly payment of 4% of the unpaid balance each month.

A finance charge of 1.25% is added to each account that is not paid in full by the due date. The annual percentage rate is 15%.

CSI Financial is a receivable management company, not a collection agency.

Sincerely,
CSI Financial Inc.

**CSI FINANCIAL INC.**

100 N. PARK ST. • P.O. BOX 182 • HELENA, MT 59624-0182 800-775-1474 • 406-442-4475

MINIMUM PAYMENT DUE	PAST DUE AMOUNT	PAYMENT DUE DATE	NEW DATE	ACCOUNT NUMBER	PLEASE WRITE IN AMOUNT OF PAYMENT ENCLOSURE
20.00	.00	2/11/00	194.00	1-00643-010	\$

PLEASE DETACH AND ENCLOSE
TOP PORTION WITH PAYMENT

JOHN SMITH
123 ANY STREET
CARMICHAELS PA 15320-0082

003721

JOHN SMITH

00100643010

ACCOUNT NUMBER	CREDIT LIMIT	ACCOUNT TYPE	ACCOUNT STATUS	DELINQUENCY DATE	PAYMENT DUE DATE	MINIMUM PAYMENT DUE
1-00643-010			00	1/21/00	2/11/00	20.00

DATE		DESCRIPTION				CHECK NO.
CLASS	AMOUNT					
		00020002 #20342052		GREENE COUNTY MEMORIAL		
PREVIOUS BALANCE	.00	PAYMENTS	.00	BALANCE	194.00	
				OTHER DEBIT	.00	
						NEW BALANCE
						194.00

Use enclosed envelope and make payment to:

**FIRST NATIONAL BANK
LOAN DEPARTMENT
P.O. BOX 1588
LIBBY, MT 59923-1588**

Send inquiries to: CSI FINANCIAL • P.O. BOX 182, HELENA, MT 59624

JANUARY 21, 2000

UNDER RATE CHANGE POINT		OVER RATE CHANGE POINT			1. Monthly Billing Cycle	2. Billing Date
		PURCHASES			194.00	.00
MONTHLY PERIODIC RATES	15.00% 1.25%	NA	NA	NA		

Line New Balance is paid in full by the Payment Due Date. NO FINANCIAL CHARGE will be imposed on you.